GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:7267
ANSWERED ON:12.05.2000
CHEATING OF KIRLOSKAR INVESTMENT AND FINANCE LIMITED
DR. KIRIT SOMAIYA

Will the Minister of FINANCE be pleased to state:

(a) whether Kirloskar Investment and Finance Limited has defaulted in making payment of interest and original deposit amount to the investors;

(b) if so, whether investors have lodged a complaint with various regulatory agencies against the management of this company:

(c) whether the Kirloskar Group after duping Rs.122 crore from small investors have sold the ownership to an unknown person in Gujarat;

(d) if so, whether the new owner plans to change the name of the company and also the nature of the business to Software Technology;

(e) if so, whether the managements of KIFL have started manipulating their own scrip in the secondary market;

(f) if so, whether Investors` Grievances Forum has made a representation against these unscrupulous promoters to the regulatory agencies; and

(g) if so, the steps being taken by the Government to help the small investors?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) Yes, Sir.

(b) Yes, Sir. Many depositors have lodged complaints against the Company with the Reserve Bank of India as well as with the Company Law Board.

(c) Kirloskar Group to which M/s Kirloskar Investments and Finance Ltd. be-longed, have sold their controlling stake in the Company to Ahmedabad-based Shri Hari Singh Champawat and his associates.

(d) The Company had applied to Registrar of Companies for a change in its name from Kirloskar Investments and Finance Ltd. to KIRFIN INVESTMENTS AND FINANCE LTD. However, the Annual General Meeting (AGM) of the Company did not approve the proposal and hence the resolution was withdrawn. The AGM of the Company approved its Board`s resolution to enter into information Technology including software business.

(e) Securities and Exchange Board of India (SEBI) has reported that certain reports regarding alleged price manipulation in the scrip of M/s Kirloskar Investment and Financial Limited were received in SEBI. In the course of the enquiry, Bombay Stock Exchange has reported that no connection/evidence regarding transfer of funds was established between various brokers/clients who had dealt in this scrip and the company.

(f) Yes, Sir.

(g) In order to protect the interests of depositors, RBI has taken a large number of steps which include, inter-alia, issuance of a Prohibitory Order restraining the Company from accepting deposits and alienating its assets, rejection of Company`s application for Certificate of Registration filing of a Winding Up Petition and appointment of a Special Officer to monitor day-to-day functioning of the Company, etc.